

ORIGINAL

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RECEIVED

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Mary L. Henze
Executive Director
Federal Regulatory Affairs

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February 2, 2000

EX PARTE OR LATE FILED

ORIGINAL

Ms. Magalie R. Salas
Secretary
Federal Communications Commission
445 12th Street, SW, Room TW-A325
Washington, DC 20554

Re: Federal-State Joint Board on Universal Service: CC Dkt No. 96-45

Dear Ms. Salas,

On February 2, 2000, the undersigned of BellSouth, Jim Lambertson and Erika Hush of Bell Atlantic, and Ken Cartmell of US West met with Irene Flannery, Sharon Webber, and Beth Valinoti of the Common Carrier Bureau.

The purpose of the meeting was to discuss 1) the impact of current FCC Form 486 filing instructions on the ability of telecommunications service providers to provide timely discounts on customer bills, and 2) a proposed solution that could be implemented for Year 3. All materials used during the meeting are attached.

This notice is being filed pursuant to Sec. 1.1206(b)(2) of the Commission's rules. If you have any questions concerning this filing, please do not hesitate to contact me.

Sincerely,



Mary L. Henze
Executive Director

cc: I. Flannery
S. Webber
B. Valinoti

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ENCLOSURE

1. FORM 486 PROBLEM

Form Instructions Prevent Discounts from Appearing on July Bills

- Under current instructions Form 486 cannot be filed until after start of each program year.
- Service providers cannot begin discounting bills before receipt of 486 acknowledgement letter.
 - Applicants have at least 5-days after July 1 to file
 - USAC processing takes several weeks
 - Service Providers will not begin receiving 486 Acknowledgement Letters until August
- Timing means that discounts cannot appear on Applicants bills until at least second month of program year
 - New discounts will be delayed
 - Existing discounts may have to be stopped and restarted
- Unless change is made, late discounting and retroactive adjustments will ALWAYS be required.

2. FORM 486 SOLUTION

Allow Targeted Early Filing of Form 486

- Applicants should be able to file Form 486 immediately upon receipt of funding commitment decision letter and prior to start of program year
 - For continuously billed services only, i.e., telecom and internet
 - Only with Service Provider already providing such service
- Would enable Service Providers to receive 486 Acknowledgement Letter in time to set up billing to turn on discounts for July bill or to authorize an uninterrupted continuation of discounts.
 - Assumption: FCDLs are issued prior to start of program year and filing and processing of 486 is timely by Applicant and USAC

3. FORM 486 SOLUTION

Approach that Would Benefit Most Applicants

- Early 486 filing allowed for Applicants who have an existing, on-going billing relationship with the Telecommunications Service Provider named in the FCDL
- Would apply to:
 1. All existing telecom services purchased from that Service Provider that have been approved for discounts in previous program years
 2. Additional telecom services purchased from same Service Provider and approved on the FCDL
 - safeguard already in place: LEC billing systems do not/cannot begin billing or discounting until service has been installed
 - discounts would appear on first billing for new service
 3. Applicants who are applying for first-time discounts on telecom services purchased from a Service Provider with whom they have an existing billing relationship (proven via appropriate documentation)
- May also apply to Internet Service Providers if they are able to provide same billing assurances.

4. FORM 486 IMPROVEMENTS

Advantages of Targeted Early 486 Filing

- Best method to ensure discounts appear on bills in timely manner
- Applicants get continuous discounting and consistent bills
- Significantly reduces need for retroactive credits

Another Key Issue

- Filing of Form 486 by Applicant is critical to discounts on bills
- Many Applicants do not appear to take filing requirement seriously
 - 5-day turnaround deadline not met or enforced
- Need added emphasis on 486 by USAC and FCC in order to facilitate timely discounts on bills
 - Applicants must understand impact of not filing 486
 - Firmer deadlines and stronger enforcement/penalties?